

HEALTHY AND EQUITABLE DEVELOPMENT

TRENDS AND POSSIBILITIES IN THE SUBURBS

SUBSIDIZED AFFORDABLE HOUSING

The Twin Cities suburbs we studied face dilemmas and debates around affordable housing that mirror those faced by communities nationwide. They struggle with how much is needed and how much they should provide relative to other communities. Some interviewees thought of subsidized affordable housing as a key component of advancing equity in suburban residential development, especially in light of the vulnerability of naturally occurring affordable housing to rent increases. Others felt that adding new subsidized affordable units in areas with naturally occurring affordable housing would result in concentrations of poverty that would be detrimental to their communities. Even when cities want subsidized affordable housing, developers encounter funding limitations that make it difficult for them to benefit from economies of scale. They also struggle to provide the mixed-income housing that cities and residents desire because of a lack of financing tools.

Others took the view that the focus on affordable housing missed the mark, asserting that the actual issue at hand was affordable living, of which affordable housing is only one piece. Siloed funding and development processes are resulting in the production of affordable housing that—because of location and quality—passes on increased transportation, energy, and other expenses to other government agencies, the public, and residents of affordable housing.

Interviewees shared the following affordable housing-related themes and ideas for how to move forward:

- **Thinking in terms of affordable housing rather than affordable living**
 - » Breaking down silos at the state level, as well as within individual development processes, can produce efficiencies that save government, community, and resident resources.
- **Lack of capital**
 - » Cities can do their part to support the financial viability of affordable housing projects through providing tax-increment financing, supporting developer applications for low-income housing tax credits, taking care of environmental clean-up costs, and providing land at a discounted price.
- **Lack of financing tools for mixed-income housing**
 - » Cities can adopt inclusionary housing policies that require a portion of units in new market-rate housing developments to be affordable. This is most likely to be successful if there is a robust housing market in the city.
 - » Governmental bodies and foundations can support efforts to develop new financing tools to encourage mixed-income housing.



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What prevents Minnesota communities from building healthier, more equitable developments?

In the Healthy and Equitable Development report, we share the thoughts of community members, elected officials, city staff, and developers in first-ring suburbs of the Twin Cities of Minneapolis and St. Paul on problems and opportunities around affordable housing and active transportation.

Visit <http://z.umn.edu/HEDreport> to read the full report. Email Center.Communications@bluecrossmn.com with comments.

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“Affordable housing is a tool for affordable living, and that’s it. We’ve mistaken, somewhere along the line, the tool for the outcome. The outcome is affordable living.”

- Chris Velasco, founder and executive director, PLACE

- **Community opposition**

- » Much opposition to affordable housing stems from fear of the unknown. Humanizing people who live in affordable housing and correcting misperceptions is key to overcoming opposition.

Resources:

- Use the new mixed-income housing calculator tool available at <http://mncalculator.housingcounts.org/> to understand the financial feasibility of mixed-income housing in your community.
- The Family Housing Fund has created fact sheets that can help dispel common misperceptions about affordable housing, available at <http://www.fhfund.org/fact-sheets/>.